

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

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FM AMEMBASSY BRUSSELS

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E. O. 11652: N/A

TAGS: ELAB, ECON, BE

SUBJECT: TINDEMANS FAILS TO CONVINCE TRADE UNIONISTS OF NEED FOR
REVISION OF INDEXATION

BRUSSELS 8578 AND BRUSSELS 08650

1. PRIME MINISTER TINDEMANS MADE LENGTHY PRESENTATION OF GOVERNMENT
RELAUNCHING PLAN REPORTED REFTELS TO "SOCIAL PARTNERS" (TRADE
UNIONS , EMPLOYERS ANDINDEPENDENTS) IN MEETING OF ECONOMIC EXPANSION
COMMITTEE (CNEE) SEPTEMBER 30. WHILE THERE WAS LITTLE OPPOSITION
TO OTHER ELEMENTS OF THIS COMPREHENSIVE PROGRAM, TRADE UNIONS
(BOTH CHRISTIAN UNION WHICH SUPPORTS GOVERNMENT AND OPPOSITION
SOCIALIST (FGTB) REMAINED ADAMANT THAT SYSTEM OF INDEXATION SHOULD
NOT BE TOUCHED.UNIONS INSTEAD OFFERED PROPOSAL TO FOREGO ANY
NEW NEGOTIATED WAGE INCREASES (AS OPPOSED TO INDEXED) FOR NEXT
NINE MONTHS, THROUGH JUNE 30, 1976. ALSO PROPOSED THAT INDUSTRIES
THAT COULD "AFFORD" WAGE INCREASES (I.E. WHERE PRODUCTIVITY
HAS INCREASED) WOULD PUT FUNDS INTO SPECIAL SOCIAL FUND TO
FINANCE EARLY RETIREMENT PROGRAMS. EMPLOYERS REPRESENTATIVES
HAD NO OBJECTION TO FIRST PART OF THIS PROPOSAL AS ALTERNATIVE
TO REVISION OF INDEXATION, BUT MAINTAINED THAT SOCIAL FUND WAS
IMPRACTICAL.

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2. TINDEMANS SAID GOVERNMENT WOULD GIVE CONSIDERATION TO THESE

PROPOSALS BEFORE COMING TO DECISION IN COUNCIL OF MINISTERS MEETING. PRESS REPORTS ANOTHER CNEE MEETING WITH SOCIAL PARTNERS WILL BE HELD BEFORE COUNCIL OF MINISTERS TAKES DECISIONS. GOVERNMENT THEN WILL PRESENT FULL PROPOSAL TO PLENARY SESSION OF PRLIAMENT WHICH CONVENES OCTOBER 15. IN MEANTIME GOVERNMENT HAS EXTENDED SELECTIVE PRICE CONTROLS TO DECEMBER 31, 1976.

3. COMMENT: GOVERNMENT IS EXPECTED TO TRY AGAIN THIS WEEK TO CONVINCE UNION LEADERS THAT SOME FORMULA FORREVISION OF INDEXATION MUST BE ADOPTED. IF LATTER REMAIN IMPERVIOUS TO ARGUMENT THAT THIS IS ESSENTIAL TO PUT BRAKE ON HIGH BELGIAN INFLATION RATE, GOVERNMENT MIGHT TRY FOR AN ACCORD ON BASIS OF UNIONS' COUNTERPROPOSAL, WHICH EMPLOYERS REGARD AS OF SMALL CONSEQUENCE AS AN ANTI-INFLATION MEASURE AND PROBABLY UNWORKABLE IN PRACTICE. GOVERNMENT'S LEVERAGE ON UNIONS- AND IT IS NOT VERY GREAT- IS THAT OTHER ELEMENTS OF ITS RECOVERY PROGRAM, WHICH UNIONS SUPPORT, CALLS FOR SOME SACRIFICES FROM OTHER SECTORS OF SOCIETY. ORGANIZED LABOR MOVEMENT, WHILE TEMPTED TO SLIDE INTO "I'M ALL RIGHT JACK" MENTALITY, WILL PROBABLY RECOGNIZE JUSTICE OF MAKING SOME CONTRIBUTION TO COMMON CAUSE. FIRESTONE

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